Title & Summary:
Don't Use Your New Innovation Project to Change Your Business Model – Build On What You Do Well and Ensure Your Success

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Summary

Some Innovation Programs are launched with the idea that they will change the business model of an organization. In our case we wanted to <u>enhance</u> our business model by continually adapting towards a strong innovation culture. How were we to embed an innovation program across multiple businesses, regions, sites and cultures while preserving our unique strengths?

Our business model is complex - - - nine decentralized business unit with 48 supporting units, each with the flexibility to manage to local customer needs. And this model has proved successful with 10X growth over the last twenty years, 35% of products new within the last five years and with strong financial results. But we wanted more - - - continued, year over year, double digit growth.

Our six step approach to solve our challenge of: "How do we embed a strong innovation spirit into a successful business without disrupting our business model and creating "fear of change"? through the process of innovation is described below.

Our message is simple. Build on what you have. Engage everyone and know innovation is a process and skill that can be learned. Take the time as an organization to make innovation work for you.

Problem

How do we embed a strong innovation spirit into a successful business without disrupting our business model and creating the fear of change across the organization? Our challenge was to enhance our business model which is based on customer co-development with the addition of transformational innovation where we strengthen our ability to find the un-met needs of customers and markets and energize the organization to continuously explore new solutions and ideas. We saw this as a path towards creating a long-term competitive advantage based on innovation that it would lead to sustained, double-digit growth.

Our journey to solve this problem began with our leadership team, an intersection of years of experience in R&D, technology management, business development and business management and with the book "Innovation to the Core" by Peter Skarzynski and Rowan Gibson. "Innovation to the Core" had many elements that we were discussing and the concepts in the book resonated with the entire team. It was a good start to a roadmap, but we

needed more specifics – the practical ways that we could bring the concepts into reality for our business.

And we wanted to build on what we had. Our business model is successful and we were not looking to make radical changes to it. It is based on having, small, nimble, entrepreneurial business units structured for customer by customer co-design where 80% of sales are from this design engineer/customer interaction and greater than 35% of sales are from products less than 5 years old.

Saint-Gobain Performance Plastics Business

We have nine decentralized business units with 48 focused plants throughout North American, Europe and Asia - - - each entrepreneurial in how they understand individual customer needs and co-design unique polymer solutions for them. We don't "make to print". We "design to print" - - - with many application engineers to support this model. And we are able to manufacture 10's to 1,000,000,000's of custom engineered components through specialized manufacturing processes. Within this context we wanted to raise the overall innovation capabilities across the entire global organization while building on this entrepreneurial spirit.

A big part of the success of the business comes through having this decentralized structure when it comes to interactions with the individual customers but supported by a backbone of strong common processes (finance, IT, world-class manufacturing, and safety) which everyone shares. The model balances maintaining freedom and responsibility for all commercial and development decisions at the small business-unit level while following common business practices. This has led 10X growth over the past 20 years with very good safety and financial performance.

Still we had not yet reached double digit, year over year growth. Our thought: "Combine into our self-directed, entrepreneurial organization a pragmatic innovation process rolled-out across the entire organization, and supported in a similar way to what we have done for safety, world-class manufacturing, and our other backbone processes."

Solution
We started with two main premises. First, we had the right business model and we needed to augment it. Second, we could create a sustainable innovation spirit with an approach and mindset that innovation is a process which can be taught, learned and applied by everyone in the business.

Today, deploying a combination of global business-focused workshops, on-site and on-line training, coaching, individual development, and active learning to master innovation skills we are bringing these skills to our people. This approach is showing success in early actions such as higher engagement internally, growth in existing and new customer relationships, new customer acquisition, and accelerated innovation efforts in our product development pipeline. Most importantly, 18 months on, the invigorated innovation processes are becoming

ingrained as part of what our businesses and people do every day.   To date, we have held over 100 workshops and trained approximately 1,500 people. We are discovering customer needs in 30 market applications - - - and our customers are very engaged in the process. And we have successfully facilitated ten advanced business challenge ideation sessions - - using creativity processes to unleash the creativity of our teams.

100 workshops, trained over 1,500 people

- Held over 100 workshops and trained about 1,500 people.

200 Customer Interviews over 30 market segments

- Engaged and learned market insights from over 200 customers. We are selling solutions and using insights to build our product portfolios

10 advanced business challenge ideation sessions

- We are discovering unique solutions but unleashing the creativity of our teams through creativity processes.

While, we are still in the first phase of rolling out the initial wave of training, initial feedback is excellent.

We learned that fostering an innovation spirit within an organization is not high art or magic. Rather, it's a focused, pragmatic and sustained effort allowing each business to focus on *their* most important business challenges and then engaging the entire enterprise with the *right* opportunity development and insight tools and skills and then delivering success stories and results. This disciplined process approach enabled momentum for innovation which becomes embedded and sustainable over time, creating a culture within which everyone sees it as their right and role to innovate.

Training, results, momentum, spirit -- sound simple – but, the organizational commitment to the journey as well as, knowing your business model and capabilities is critical. Our message, "it may not be simple, but it can be straightforward as long as you don't try to use "innovation" to <u>abandon the core competencies which sustain your</u> business model and rather, use it to <u>enhance</u> your business model." With this approach you can bring an innovation spirit to your entire organization.

How did we plan our approach and execution? Our six steps are described below.

1. Set Aggresive Goals and Message to Build on Core Growth Enablers

2. Engage Many People <u>before</u> Launch	3. Build Team to Develop Curriculum and Support

4. Set innovation process platforms to overall enterprise needs	5. Match process execution to individiual business needs & challenges	6. Develop rigorous follow-up, support and modification system

In hindsight, we saw steps one, two and three followed in order. The remaining ones were linked. Here, we acted in the role of "innovation experimenter". While we set platforms, we tested them in pilot; seeing what worked and what did not. Sometimes we modified them either for a particular business need or for the whole enterprise. Once set, our last step, rigorous follow-up and support proved most difficult but was most important to embedding them in everything we do.

1. **Set aggressive goals and focus on growth enablers**
   At the beginning, identify enterprise-wide, competencies that have enabled growth and sustained your business model. Seek to defend and enhance. Then set aggressive growth goals and ask, "Are we able to reach these goals with these strengths alone?" "In what areas are we weakest and need to improve?" Take thoughtful time to prepare this summary with your leadership team since this will help guide you as these same questions are asked at each level of the business. Keep in mind – if your conclusion is you need a change in your business model – don't think that "training for innovation" will fix your business model.

2. **Engage many people in planning and design <u>before</u> launch**
   Involve a diverse group of people, who represent the entire business and various levels, in early stages of the innovation program planning process. This helps gain different points-of-view, validate assumptions, and provide an understanding of organizational challenges that will be faced. Also, they are the ultimate customers of the processes that are developed and will become the advocates later.

Starting in 2009, our leadership team used an outside source to help us and a team of cross-functional global leaders and managers identify enablers and obstacles toward reaching our aggressive 5 year growth target of double digit growth. And we used these results to begin to understand the types of tools we would need to build on enablers and strengthen weaknesses. In the end, we agreed we would find tools & processes to:

leverage and strengthen enablers, like we:
- "are close to our customers using a co-development business approach";
- "have strong technical competencies that are valued";
- "have robust global & local design/application engineering";
- "are quick to implement good ideas in businesses"; and
- "have action-oriented businesses with a strong entrepreneurial spirit".

and minimize weaknesses, like we:
- "needed to better define our Core Competencies";
- "did not always look at broader, market needs";
- "did not have a structured "front-end" in our stage/gate process"; and
- "needed to listen more to our customers rather than pushing our solutions".

The next step was to create a cross-business, cross-regional, cross-functional, Innovation Council. The members would volunteer for the Council in addition to their "day job". The role outlined for the 12 member Council was to provide input and guidance to the leadership team (a sounding board) regarding the development of our Innovation Processes. Their main mission was to study and learn what other companies had done in implementing innovation programs successfully, what approaches they took, who they might have worked with, and identify possible paths fitting our needs.

A request was sent to all employees by the leadership team via our internal social network system to apply for a position on the Council. People interested were asked to write a one page summary of why they should be on the Innovation Council. We received dozens of excellent and powerful essays. The leadership team narrowed them down to the top 25 (all anonymously); making our final selection based on diversity of function, region and business.

After nearly a year of work, the Council and Leadership Team concluded that, while there were many different approaches to innovation being applied in the outside world, no enterprise-wide, systematic and comprehensive programs existed. There were a number of good focused training programs; only addressing one small part of the organization or a single issue. The conclusion, what we were attempting needed to be built, step by step.

Then we engaged a larger group of world-wide leaders and managers in the process. We held a 3 day leadership platform, known as the "i-Meeting", to kick-off our thoughts

on innovation. Ten percent of the organization attended representing R&D, production, sales, marketing, finance, human resources, general management and various functional roles. Each part of the program was introduced by a Leadership Team member or Business Unit leader; time was spent in break-out session reviewing how we might best apply them in each business and region. Some main themes for our innovation and growth program were:

   a. Our customer-centric, co-development business model is a growth enabler and we want to keep building on it;
   b. Our journey to double-digit growth requires <u>everyone</u> to be involved; it is not about R&D and being the smartest people in the room. It is a process that could be learned and applied across the business; it would become part of what we do every day.
   c. We will build from our core base of dynamic culture, customer centric infrastructure, our ability to learn and implement processes and meeting targets we set.

3. **Build team to develop an innovation curriculum; train and support**
Dedicate resources to developing courses and teaching them. Having a balance of internal and external resources brings a fresh set of ideas and knowledge of culture. Take time to find people with the passion for innovation and for getting results. Take time to build the *right* team.

It took about 6 months to find and hire Jean Angus, our director of innovation processes. She was a former global business unit director. Her defined role was to develop processes then train and coach our teams in these processes. It took additional time to hire the team of three people. They brought a diverse set of experiences; sales engineer; process engineer and marketing manager. Together, the innovation team began developing training courses for individuals, teams and business units.

First, they used the previous survey information to set their course. These centered on three areas.

a. **Leveraging where we are great (business units).** *Identifying within each business where they have unique strengths. Defining which markets and applications fit best to their core and on what core competencies they would build strategy.*

b. **Gaining market and customer insights (business units).** *Using cross-functional sales, technical and marketing teams to learn together the needs of customer segments. We used an active listening process matched with powerful software to discover and document needs not being met which are most important to them. These outcomes would drive short, medium and long term products.*

c. **Finding creative, collaborative solutions (individuals and teams).** *When we uncover challenges from step 1 or 2 or face business issues daily, how do we solve them? We planned a series of training courses built on the premise that everyone is creative and can learn and practice tools that make facilitating creativity something we do naturally.*

This was the overall enterprise approach - - - our tool box. The key was to pilot them and adapt to each business unit, if necessary. And then to set a rigorous coaching and follow-up program to ensure they became part of what people did in their functional roles.

4. Set Innovation Process Platforms

With a rough cut curriculum set, we needed a way to communicate to everyone, how we would get started and what processes we would use. Our overall innovation "brand" was to eXplore together.   Everyone would be involved with the ultimate goal making innovation a natural part of what we do every day.

Our tool kit had a series of processes: some for individuals, some for teams and some overall strategy. As individuals we knew everyone has the capability to be creative. And creativity is a skill that can be learned just like math, music or a sport. We would invest time giving everyone skills to be creative at work and in their daily lives. We are calling this our "People" platform.

And we knew the ability to facilitate and execute creative genius from teams would enable our double-digit growth in two ways: in creating innovation strategy and in developing innovation solutions. We are calling these our "Strategy" and "Solutions" platforms. And under these three, our innovation processes fall.

i. <u>People:</u> *Why is it that, at age eight, most children think of themselves as highly creative and yet by grade twelve that number has fallen to about 20%? Pablo Picasso summarized the dilemma this way: "Every child is an artist. The problem is*

how to remain an artist when we grow up." What happens to this creativity? What happens to anything that we do not practice? It simply goes away. Our goal was to develop this skill as a competency again in everyone. We would do this in a series of levels. Our first full day, level 1 course, "Basics of Innovative Thinking" (based on Edward deBono's work) actively engages people in learning and using thinking skills for their own individual and business challenges. And it combines creative exercises based upon improvisation to help accelerate these thinking skills. People leave the course with an awareness of innovation and tools to think more creatively.
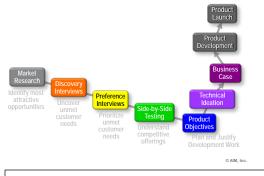
ii.   <u>Strategy:</u> *We focused our first innovation processes for strategy in two areas: gaining a deep understanding of each businesses core capabilities and finding the best market segment/application fits and learning exactly what those market segments/applications needed.*

a.   ***Where are we great and how do we build on it?*** *This step would not be a course but, instead a facilitated workshop. Here, we engage 10-15 cross-function business teams in a workshop format. The ultimate outcome of the workshop is a set of 2-3 key **core competencies** defining where they are great. And these core competencies set the basis for building strategy and defining key market segments/applications with best fit to core. For some the outcomes have taken as little as 3-4 months to define. For others, longer. In the end, a clear foundation is established for organic growth.*

b.   ***What are the market needs?*** *We knew our customers and had high percent new product development sales to show for it. But did we really know all of their unmet needs? Did we know the overall market needs? Our answer, "probably not as well as we should". Many of our product developments were incremental. To move to transformational innovation we needed these insights. And we needed to balance both.*

We wanted a process that supported business to business market learning using cross-functional teams (sales, technical, marketing) and selected a business to business process known as "New Product Blueprinting".

The first steps in implementation: 1. Select market applications (segments) with best fit to core. 2. Choose a cross-function commercial/technical teams to use the process to learn about these markets. Each regional market team would have from 5-7 people. And, for each customer call, we would need a lead sales person, the technical/applications engineer and the marketing manager. Note: These were teams of people that wanted to know about these markets anyway. This tool simply would help accelerate learning. 3. Select team leaders (usually market managers) and help them understand how to apply the process <u>before</u> the workshop.

The process (below & focused on "the front-end" - - - stages 0, 1 and 2 of stage gate) would take from start to finish about 6-12 months.

Finding unspoken, unmet market needs through New Product Blueprinting

It starts with a learning workshop. By the end, teams have strong skills to uncover customer needs and a good execution plan. They then begin to uncover customer needs through "Discovery Interviews". Innovation team members and our partner coached teams along the way (even attending the 1st customer interviews). With data in hand, we would have our 2nd workshop to uncover market insights. We would set another plan and go out again for a 2nd round of interviews "Preference". In the end, we have or are developing for about 30 market segments, sets of unobvious & important customer needs that are not being satisfied. Now we can test these in our labs, come up with some great solution ideas and move into stage 3 (product development).

The benefits of New Product Blueprinting have been numerous (i.e., seeing customers we normally would not get to see, accelerating market learning from years to months, gaining short-term sales we would not have otherwise and developing a long-term robust product pipeline where sales success rate is increased).

These are the first two of more processes we will build within this platform.

c. Solutions: *We wanted to continue to build on competencies that would unleash the creative genius of our organization. And a practical way to do this was to focus on developing solutions to key business challenges. But we did not want this to be simply an "event". We wanted it to be a competence our people could use any time they had a challenge. We knew, from New Product Blueprinting we would need ideation sessions to develop the best product ideas for customer outcomes and for any business challenge we needed a process and people skilled in implementing them.*

We have only begun to pilot this program. It builds competencies in levels all focused on helping individuals (we call them creative facilitators) unleash creativity in teams. The program combines three concepts: the principles of creativity, some started in our level 1 course, with the art of facilitation and the skills of improvisation. Combined together, they create a dynamic

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process that gets much more creative solutions from our teams and in shorter time. The typical process of focus, diverge, converge is used but it is the way in which we develop people to facilitate this process that is working.

At each level (shown below), a person learns and makes natural creativity, facilitation and improvisation skills focused on helping teams uncover creative challenge solutions. Certification for each level is in steps and over a period of a few months for each: three learning stages, business challenge creative facilitation in-between, testing of competencies and level certification.

Level	Name	
Level 1 (learning)	Basics of Innovative Thinking (train)	Level 1 Learning (Awareness & Using Tools)
Level 1 (using)	Innovation Team Member (use)	
Level 2a	Innovation co-Facilitator	
Level 2b	Innovation co-Facilitator	Level 2-3 Facilitators (Enabling Creativity)
Level 3	Innovation Facilitator	
Level 4	Innovation assistant Coach	
Level 5	Innovation Coach	Level 4-6 Coaches (Designing & Leading)
Level 6	Innovation Master Coach	

Even in pilot, we have early success stories. One is the uncovering of a "creative designer" in a maintenance operator. The business team wanted to enter into a market in which they did not have current solutions - - - and the customer request, they thought, stretched their current capabilities. They had tried some traditional "brainstorming" on their own resulting in a few idea concepts. And they had only a few weeks to find, make and test solutions to show a key market player. We decided to use our "creative facilitator" pilot on their challenge. The result: We went from a previous 5 good "concepts" with "traditional methods" to now over 25 good concepts and "5 solid ideas", one of which had already been made in plant by our maintenance operator. We had entry into this market and found a hidden talent among us.

Another, are a team of people wanting to transform an operation making thousands of parts to one that could make millions. Again, we had market opportunities and needed to prove we had the solutions. In two days, with about ten people we were able to design an entire plan to succeed - - from machine design, to support system to a detailed project plan. And we are now executing the plan.

We are gaining interest but are still early in this program - - more to follow later.

5. **Match processes to the needs of the business**
   What if you thought of each business as a "customer for innovation"? Would you say "here is my program, want to buy it?" What if your competition said, "What are your challenges; how can we help you?" With whom do you think you would work?

   The innovation team spent months working with each business leader, understanding their business challenges, discussing innovation and deciding together the best plan for them. We kept the same tool box but matched their needs to specific processes that would help drive growth in their organizations first; starting the program where they needed it most.

6. **Don't stop at training - - - develop rigorous planning, coaching and follow**
   Have the philosophy train, set actions and coach to completion. Our implementation of New Product Blueprinting is a good example of this approach. Training and planning were described earlier under our Strategy platform. To date, we have trained about 500 people and the coaching and follow-up over the life of the project has helped to embed it in the businesses

   And over the entire project, teams meet with process coaches at least monthly to review progress and answer questions. Teams use our internal social network site to post materials and collaborate. Support materials are also available on the network and are translated into multiple languages. And a blueprinting coach is only a phone call away.

   This philosophy of fit process to business needs then train, plan, coach and follow is yielding success. Teams have learned insights in less than 3 months that had previously taken years. And still others have provided immediate solutions fast and built longer term alternatives for later.

   This structure is the model for other innovation processes, too. And our next step is to execute it into further imbedding creativity as a process into the entire organization. Here we continue to move back and forth from steps 5 & 6 described earlier- - - matching creativity processes to business needs and creating the support system to embed them into what we do daily.

Practical Impact

- Starting with the premise that everyone can be part of innovation and that innovation is a process that can be learned, trained, and followed at the individual, team and business level ensures that everyone is engaged.;
- Fear is reduced when everyone is involved, the message is simple and the platform centers on building what they have;
- No special human resource programs or compensation schemes are needed since everyone is engaged and it is the normal way in which you will work;
- Preparation ensures everyone learns about the program before it is launched; and it invites those who want to be early adapters;
- Building a "tool box" for various elements of the organization (individual, team, business unit), and for various stages of innovation evolution allows for flexibility and adaptability in adopting them in the business.
- Tailoring the program to enhance your business model, not change it, builds employee trust and buy-in; which, in turn, opens the door for change
- When people see positive results from applying the process, they start change their own behavior - - - you don't do it for them;
- And when businesses start to get results, they become the sales people for the process. Other peers jump on board. The process takes a life within the business and success stories drive others to embrace.

Challenges
1. Innovation takes time and commitment from senior leaders
     Answer: By engaging others in the process time and commitment is spread out over a larger team
2. Not everyone will embrace innovation at the same time
     Answer: Seek out early adaptors to pilot first processes
3. People learn processes but do not use
     Answer: Implement processes one business at a time. Each time learn best practices to drive process success and celebrate the results
4. Over the short-term, it is difficult to measure
     Answer: Start by measuring process outcomes (i.e., number of people using the process, number and types of customer insights, success stories)

First Steps
1. Prepare, prepare, prepare
   a. Identify innovation enablers and weaknesses and consider tools to build each;
   b. Engage cross-functional teams of people in the program planning process;
   c. Start with the premise that everyone is creative and that innovation is a process and tool box that can be trained learned and practiced by everyone (just like math, music or a sport can be learned). Stress that it is not just the work of R&D and marketing.
   d. Build a tool box of skills for various parts of the organization (individual, team and business unit) and for various stages of process. Pick practical tools that will build on your identified enablers and strengthen your weaknesses, all focused on getting results.
2. Tailor, train and execute

a. Tailor you program to enhance your business model, not change it
b. Dedicate at least one resource to learning, training and coaching the processes
c. Pick and train on the tool box most needed by each business unit
d. And when training is complete, facilitate, coach, plan with and support the business to get results from the process
3. Measure
a. Start with simple measures like number of people trained and number of success stories.
b. Add other metrics as processes evolve.

Credits

Saint-Gobain Performance Plastics leadership team deserves credit for their vision and support of innovation as a process and supporting the processes in their businesses. The Performance Plastics Innovation Council for finding tools and processes with best fit to PPL. The innovation team deserves credit for further developing tools and training and coaching individuals, teams and business units on them.   And, most of all, the businesses deserve credit for adopting and executing them - - - turning learning into success stories and some early results.